Comptroller's Special Report

UPON THE

SCHOOL FUND

AND UPON

TAXATION AND REVENUE.

Jillance. M. S. . N. Y.

SPECIAL REPORT

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TRANSMITTED TO THE LEGISLATURE FEBRUARY 25TH, 1885.

STATE OF NEW YORK:

COMPTROLLER'S OFFICE,
ALBANY, *February* 25, 1885.

To the Honorable the Legislature of the State of New York:

In the annual report, submitted in January from this Department, it was stated that the school fund would receive special consideration in a later communication. In the same report the statement was made that it would be possible within the next eight years to entirely reorganize the financial system of the State, greatly to the advantage of those who bear its burdens.

Existing conditions of trade and industry call our attention sharply to the wisdom of beginning such a work. The country's sources of wealth remain unimpaired, it is true, but the machinery and methods of distribution have never seemed to operate more unsatisfactorily than for some three years past. Want and privation have become familiar to many, whose complaints are the more to be regarded, because long deferred. Willing labor remains often unemployed. Agricultural energy, except in a few favored instances, is more poorly remunerated and less able to bear its share of governmental burden than formerly. Even the apparent wealth heaped up in the great money centre is delusive, its accumulation being but a morbid congestion due to sluggish circulation.

Mindful of these things, and in obedience to that provision of law which makes it the Comptroller's duty "to suggest plans for

the improvement and management of the public revenues," I submit to your Honorable Body the first suggestion towards the adoption of new financial systems under which the necessary cost of government may be much reduced, and direct taxation may, perhaps wholly, certainly in great part, disappear.

The school fund had its origin in chapter LXVI of the Laws of 1805, passed in response to a recommendation contained in a special message of Gov. Morgan Lewis. The act provided that "the net proceeds of 500,000 acres of the vacant and unappropriated lands of the people of this State, which shall be first sold by the Surveyor General, shall be and hereby are appropriated as a permanent fund for the support of common schools." No distribution was to be made until the annual revenues of the fund amounted to $50,000.

At the time of the passage of this law, the funds of the State, meaning by this term certain stocks, bonds, mortgages and loans, produced more than sufficient revenue to meet the ordinary expenses of government. The erection of this special fund was a modification, therefore, of previous usage rather than a departure from it or innovation upon it. During the years immediately succeeding its foundation, the school fund accumulated rapidly. Sales of land were frequent. By enactments in 1819, 1827 and 1832 other sources of revenue were made tributary to it, certain possessions of the general fund were made part of the school fund, and its functions as a factor in State financial procedure were enlarged by making it the Comptroller's duty to invest school moneys in the purchase of securities of the general fund whenever the latter did not contain sufficient money for purposes of government.

These statutes, with other incidents in the State's financial history, chief among them being the forced resort, in 1842, to direct taxation as the only adequate means of raising revenues, mark the collapse of the fund system as applied to general purposes. So complete was the collapse that a productive capital of $4,396,943.97, possessed in 1814 by the general fund, was entirely consumed and gave way to a general fund debt of $5,885,549.24 on September 30, 1845. But in the meantime the school fund had thriven, gradually absorbing the best investments of the general fund. Its history in detail is shown in tables herewith submitted. Table "A" shows the amount of its capital and revenue for each year from

1805 to 1845. Table "B" shows its revenue and capital for each year from and including 1846 to the present day. These two equal periods are separated for the reason that by comparison they show that this fund for the accomplishment of present purposes is, and for years has been a mistake. The tables just referred to contain in their third column a statement of the amounts paid out of the State Treasury for common school purposes for each year since the creation of the fund. A comparison of these amounts with the revenue of the fund is singularly instructive in enabling us to properly appreciate the degree to which the State has abandoned reliance upon the fund, although still maintaining formal dependence upon it.

From this table it appears that during the first forty years of its existence the fund's revenues were in all $3,081,719.80, while the total payments from the State Treasury for school purposes were $2,780,560.

Even in those years the common school system far outgrew the fund. That system begins its continuous and organized life in acts of 1812 and 1814. Previous attempts, founded upon Laws of 1795 and 1801, had been abandoned.

The act of 1812 provided that the interest of the school fund should be divided among the different counties and towns, according to population, and that each town should raise by tax, annually, a sum of money equal to its receipts from the fund. The act of 1814 recast that of 1812, transferred the tax-levying power from the towns to the counties, and made the levy obligatory. The gross amount of moneys received from the State and thus raised by the towns was to be appropriated to the payment of teachers' wages.

In the following year there was made the first distribution of the income of the fund. Such distribution, together with local taxation, pursuant to the act of 1814, continued annually until 1851. But during this period the schools drew largely from other sources, prominent among these being the rate-bill, which was the district charge upon each parent or guardian, based upon actual attendance of children, and imposed for the purpose of paying whatever balance was due teachers, after the proceeds of the fund and the equivalent local tax were exhausted.

Your Honorable Body does not need to be reminded of the heated controversy and the years of agitation and excitement which pre-

ceded the adoption of the "Act in relation to common schools," of 1851. This law provided for an annual State tax of $800,000, based upon property one-third of whose avails, plus one-third of the proceeds of the Common School and United States Deposit Funds, should be equally distributed among the several districts, the residue to be apportioned according to the number of children of school age in each district, the rate-bill to provide, as before, for any necessary balance.

In 1856 a tax of three-fourths of a mill on each dollar of the State's valuation was substituted for the $800,000 tax of 1851. In 1867 the tax was increased to one and one-quarter mills, and district rate-bills were abolished. From 1814 to 1867 they had produced $20,627,426.66, a yearly average of $381,989.38. Since 1851, when the State committed itself to the policy of levying a yearly State tax for schools, the amount of such tax has grown rapidly. The amount paid from the treasury in each year (shown in detail in column three of table B) was $800,000 until 1857; it then rose to about $1,100,000, at which point it remained for ten years; leaped in 1868 to $2,000,000, and in 1877 reached the proportions since maintained of nearly or quite $3,000,000 — the levy for this year being $3,180,393.90. Probably many citizens do not suspect that the gross amount paid from the State Treasury for school purposes for the forty years from 1805–1845 is less than the amount now paid in each year for the same purposes. At present, State school moneys, meaning by this term, the proceeds of the State tax, the incomes of the Common School Fund and of the United States Deposit Fund are divided and apportioned pursuant to chapter 555 of the Laws of 1864, as amended by chapter 374 of the Laws of 1876. After certain specific minor deductions affecting not more than one-sixteenth of said moneys (for salaries of commissioners, of local superintendents, or clerks; for certain cities; for libraries; for a contingent fund; and for Indian schools), the remainder of said State school moneys being fifteen-sixteenths thereof, is divided into two parts, one part, being one-third of said remainder, which is apportioned equally among school districts and cities, the unit of distribution, or minimum distributive share of each district being known as the district quota, title to a quota being based upon the actual service of a qualified teacher for at least twenty-eight weeks of five days each, including holidays, during the last preceding

school year; the other part of said remainder, being two-thirds thereof, is apportioned among the counties of the State according to their population as shown by the last preceding State or United States census, but in counties containing cities having special school acts, apportionment is made directly to the city of its share, the residue of the county's share being apportioned to the residue of the county. The moneys to be thus distributed during the current year aggregate $3,084,600, of which total the school fund produces $160,000. By far the greater part of the moneys is used to pay wages of teachers, of whom 21,411 share in the distribution. The people, therefore, are locking up four and one-fourth millions of dollars to contribute less than eight dollars per year to each teacher.

While the school system has thus expanded, the principal of the school fund has stood still, and in very recent years its revenue has declined. None of its former sources of replenishment are now operative. By a provision of the Constitution of 1846 its capital gains $25,000 per year from the revenue of the United States Deposit Fund, a slow process of accretion that in forty years will add but $1,000,000 to its capital and $30,000 to its revenue. No other means of enlargement except the extremely unwise one of direct taxation exists. That method has to some extent been resorted to. In 1882, $500,000 was transferred from the treasury to the capital of the fund. During the past eight years the fund has in five several years failed to earn sufficient income for the performance of its present narrow duties, thus compelling transfers from the Treasury to make up its deficiencies amounting to over $100,000. On October 1, 1884, its revenue was still deficient $60,177.01.

The secondary purpose formerly served by the fund—that of advancing moneys for governmental support—is now valueless. The State can, if necessary, borrow temporarily at three per cent from many sources, while the concentrated responsibility for financial legislation, fastened upon the Executive by the constitutional amendments of 1875, has for years precluded such a necessity. Moreover, the school fund is and should be so invested as to have no casual moneys to lend.

Closely akin to the arguments just urged and hardly second in importance, an objection to maintaining such a trust fund arises

from its unfitness to fulfill the duties of a productive instrument at the present day. A fund earns revenue in but one way — by investment. Securities proper for such moneys as we are considering pay a rate of interest which diminishes as wealth increases and the community becomes more and more highly organized. The stability insured by the earnest devotion of our citizens to peaceful pursuits, their varied energy, reflected in an industrial system of striking complexity, and their strict enforcement of rectitude in commercial dealings, sustained and perpetuated as these forces are, by advantages of situation and natural endowment, have in our own State accelerated and intensified the progress and operation of the economic law just adverted to. The bonds of our cities, as well as of the State itself, are readily disposed of at a lower rate of interest than was ever contemplated by those who founded or fostered this fund. The moneys of our active and ingenious fellow citizens, from whom taxes are drawn, ought not to be employed so unremuneratively as by hoarding them for investment at three or two and one-half per cent. The fund, as part of a present financial system, is doubly objectionable, in that its method of producing income is inadequate and antiquated, while at the same time its substance — the property of our taxpayers — is virtually subtracted from a multitude of small fortunes belonging to a frugal and industrious people. There is no worthier subject of legislative wisdom and solicitude than the protection of these myriad savings from continuous loss, minute or indirect though it may be. That such loss ensues from continuous investment and reinvestment of the money of an active people at declining rates of interest, is self-evident. In a few years the entire fund will necessarily be invested at not more, perhaps at less, than three per cent, producing barely $125,000, annually, on an investment of over $4,000,000. The $25,000 which is now carried yearly, from the revenue of the United States Deposit Fund to the principal of the Common School Fund, under a new system, would annually be applied directly to school purposes, thus obviating taxation to that extent. The present investments of the fund, if turned into cash in 1887, or so soon thereafter as good judgment might dictate, would realize over $4,250,000, being an amount equal to the revenue of the fund for thirty-three years. This amount, applied in reduction of taxation, would be beneficially felt until the State

had entered upon a period of new financial methods and conditions. The conversion of the fund into cash, therefore, would set free, for purposes of reduction of taxation, a perpetual annual contribution of $25,000 from the revenue of the United States Deposit Fund, as well as the entire principal of the Common School Fund.

Clearer light is thrown upon the considerations just advanced by a study of the present composition and recent history of the fund. On January 1, 1885, the fund was constituted as follows:

SECURITIES.	Date of purchase for fiscal year ending Sept. 30.	Par value.	Cost, less accrued interest.	Present market value.	Rate of interest on money invested.
Manhattan Company stock	1827	$50,000 00	$50,000 00	$72,500	8 per cent.
Dist. of Columbia 3 65-100 bds.	1880	100,000 00	99,500 00	113,000	3⅔ per cent.
Village of Middletown 4 per cent of 1886	1881	53,000 00	55,650 00	53,000	2 9-10 per cent.
United States 4 per cent of 1907.	1882	1,563,000 00	1,825,611 25	1,906,860	3 per cent
Albany Co. 3½ bds., 1901 to 1903	1882	110,000 00	110,000 00	110,000	3½ per cent.
Albany Co. and City 4 per cent, 1899, 1907, 1906, 1908 and 1910.	1882	137,000 00	147,676 25	148,280	3½ per cent.
United States 4 per cent of 1907	1883	710,000 00	850,003 13	866,200	2⅞ per cent.
New York City 6 per cent of 1901 and 1902.	1883	165,000 00	215,053 12	214,500	3 7-10 per cent.
New York City 5 per ct. of 1908.	1883	500,000 00	625,625 00	600,000	3½ per cent.
Dist. of Columbia 3 65-100 bds.	1883	250,000 00	273,750 00	282,500	3¼ per cent.
		*$3,638,000 00	$4,252,868 75	$4,366,840	
Bonds for lands		$113,872 97			
Bonds for loans....		16,018 07			
Mortgages for loans under act of 1840, in charge of Com. U. S. Dep. Fund.		30,470 00			
Money in the Treasury................		55,040 50			
		†$3,853,401 54			

The first of the above items was acquired in 1827 by purchase from the general fund, which had acquired it by original subscription at par, in 1809. So old and profitable an investment is not often known. But by far the greater portion of the fund, to wit: Securities of $3,588,000, par value, have been purchased during the past five years. None of them will net over three and seventenths per cent, while the rate realized upon the $4,202,868, which is their aggregate cost, is but three and one-fifth per cent. Over three and one-quarter millions of dollars of the money lately invested draws less than four per cent. We have already seen that, in 1882, the capital of the fund was swollen by a transfer to it of $500,000 from the Treasury, and that within the past three years such transfers, on account of both capital and rev-

* Total securities.

† Total capital.

enue, have amounted to $600,000. The foregoing statement shows a further drain from the moneys raised by taxation. The securities purchased since 1880, in every instance but one, were bought at a premium. The difference between their par value and actual cost is $615,368.75, representing premiums and commissions. Of this sum $567,226.04 was drawn from the proceeds of popular taxation, and must be added to the $600,000 already set forth. The total, $1,167,226.04, is the sum which the people without knowing it, have during the past three years, invested at about three and one-fifth per cent for the sake of augmenting a fund which produces less than one-twentieth of the proceeds of the direct school tax. Taking this rate of interest as a basis of estimate, the fund should contain at least $100,000,000 to enable it to play the part once contemplated for it.

There is exhibited in each department of State finance a succession of methods corresponding to progressive phases of popular growth and development. In its application to general purposes, the method of establishing productive funds, although it seemed to afford relief from taxation, in reality was the forerunner of an era of indebtedness and embarrassment for which the only remedy was continuous and sometimes heavy taxation. Its failure in its application to the canals was of later date, but came not less inevitably. To-day there is no such thing as a productive Canal Fund, and the full cost of canal maintenance is added to the general burden of taxation. In school finances the fund survives, but only as a relic. At most it can but feebly and needlessly supplement the direct school tax, now in the thirty-fifth year of its operation, and yielding upwards of $3,000,000 annually.

This succession of financial methods brings us to the verge of a new era in financial legislation. It was statesmanlike for our ancestors four score years ago, when valuable State lands were abundant, to devote their proceeds to a fund. At the present day true financial wisdom will find special means of raising revenue as the progressiveness of the people takes on special forms or discloses new sources of wealth. The first step — and a significant one — in the direction just indicated was the adoption of the Corporation Tax Law. That law recognizes that it is wise and just to exact governmental revenue from organizations which in the normal course of business are easily able to re-exact their contribu-

tions from the multitude with whom they deal. It is not the purpose of the present communication to suggest a companion to the corporation tax, but to submit a proposition which will prepare the way. Such a proposition has already been outlined.

It is that so soon after January 1, 1887, as good judgment may dictate, the school fund shall be converted into cash, to be thereafter applied in reduction of taxation.

It need hardly be said that the submission of such a proposition carries with it no lack of high regard for the rare conscientiousness and comprehensive foresight of those who founded and developed our common school system, of which the fund has formed a part, or for the system itself. But admiration for the wisdom and self-denial of our predecessors need not blind us to changed conditions and necessities.

Neither would it be just to forget the present in honoring the past. Whoever studies the educational system of the State cannot but be astounded at the enormous burdens which our fellow citizens bear year after year for its maintenance. The three and one-half millions which will this year be distributed from the State Treasury for educational purposes form less than one-third of the entire popular burden. The total school expenditures during the past year were $11,834,911.52. For the current year they will be as much. Nor have such contributions fallen below $10,000,000 in any year since 1871. Encouragement, even if needed, can no longer be provided in the ancient manner.

The submission of this proposition does not contemplate the abandonment by the State of any present duty. Whatever interests or individuals are in any way dependent upon the fund can and should be otherwise cared for.

To properly apprehend the proposition it should be considered as part of a scheme bearing upon the State's financial policy during the eight fiscal years next ensuing.

During the eight fiscal years ending September 30, 1893, the entire State debt will be paid off, the last installment thereof falling due on October 1, 1893. This period, therefore, is one of transition to more hopeful conditions of State finance, and its beginning is a natural point of retrospect and comparison.

Before contemplating the possibilities of the future period, we should note certain features of the corresponding period just closing.

1. The amounts drawn from the people by direct taxation for canals, schools and general purposes during the eight fiscal years ending September 30, 1885 (shown in detail in table C), equal $63,541,028.61, the average annual levy being $7,942,628.58. The sum of the amounts raised under the Corporation Tax Law (shown in detail in table D) is $7,812,328.52. Such receipts during the next eight years will be at least $12,800,000, or $5,000,000 more than those of the past eight years.

2. During the past eight years there have been appropriations for the construction of the new Capitol (table E), aggregating $8,600,000.

3. During the same period the appropriations for the sinking fund (Table F) have been $8,187,219.46.

4. There is now a surplus of $1,000,000 in cash in the Treasury, which can better be remitted to the pockets of the people by deducting one-half that sum from the taxes of each of the two next ensuing fiscal years. During the perilous weeks of last spring and summer there was no time when the deposits of the State were less than $5,000,000 in amount. At times they were far in excess of this sum. Any unnecessary burden, therefore, is extremely undesirable.

We should further note:

a. That not more than $3,000,000 will be needed hereafter to complete the new Capitol.

b. That the appropriations which will be needed for the sinking fund during the eight remaining fiscal years which precede the extinguishment of the debt (Table G) will fall $3,000,000 below those of the past eight years.

It will be seen, therefore, that for the eight next ensuing fiscal years, as compared with the last preceding, there is a possibility of greatly reducing taxation:

First. Because there is cash in the Treasury which can be safely and properly applied to that purpose during the next two fiscal years to the amount of at least....................................	$1,000,000
Second. Because the appropriations for the construction of the New Capitol should fall below those of the last eight years by.........................	5,600,000

Third. Because the appropriations for the sinking fund will fall below those of the last eight years by	$3,000,000
Fourth. Because it is possible, by converting the Common School Fund into cash, to apply to the purpose of such reduction the further sum of.....	4,250,000
Fifth. Because the amount produced by the Corporation Tax Law will exceed the amount produced during the eight years now ending by at least.....	5,000,000
Sixth. Because, as has been shown, $1,167,000 was taken during the past eight fiscal years, from the proceeds of taxation, to make good the capital and revenue of the school fund. If the amendment submitted is adopted no such items will appear in the tax levies of the next eight years. Again, the annual contributions from the revenue of the United States Deposit Fund to the capital of the school fund, amounting, in eight years, to $200,000, would also be available to lighten taxation. These two items aggregate, ...	1,367,000
It is, therefore, easily possible to reduce the aggregate of taxation during the next eight fiscal years, as compared with that of the eight last preceding, by the surprising sum of	$20,217,000

This is an average reduction of $2,527,000 for each year. The average amount raised by direct taxation during the past eight years was $7,942,000. The average amount, therefore, of such taxation during the eight next fiscal years should not exceed $5,415,000, which is less than any tax levy since 1859. Upon the present valuation this amount would ensure to the people an average annual tax rate of not more than one and eight-tenths mills for the eight years under consideration, being lower than the rate of any year since 1856.

The proposition involves an amendment of the Constitution—a proposed form of which is herewith submitted. Should your Honorable Body see fit to pass the same, the fact that a new Legislature will be chosen this fall makes it possible to submit the amendment to the people in November, 1886. Your Honorable

Body and the Legislature of 1886 can, by judiciously remitting to the people the cash surplus now in the possession of the State, and by availing yourselves of other favoring conditions of the time, at once reduce the tax rate to less than two mills, that is, to a lower point than has been known since 1856.

But the chief merit of the proposition will be found in the fact that it does not effect a mere temporary and casual lightening of the popular burden. It ensures a prolonged and an increasing freedom from heavy demands upon the taxpayer until a date at which our State will find itself with no debt, and with no consuming project to bewilder financiers, to debauch the minds of workingmen and to infuriate plain citizens. Before that date arrives it will be possible, in the clear light of the future, to develop new methods of raising revenues. These new methods, coupled with the Corporation Tax Law now established, supported by a population of 6,000,000 of souls and by a valuation of four thousand millions of dollars, as they are sure to be, will place the burden of taxation upon those who are able to bear them and who also are able to distribute them. That such methods can be devised in a moment is not to be expected. It is, however, in the power of your Honorable Body to prepare the way for them by broad, intelligent, far-sighted public policy.

ALFRED C. CHAPIN,
Comptroller.

Table A.

COMMON SCHOOL FUND FROM 1805 TO 1845.

The following table exhibits the School Fund, according to the annual reports of the Comptroller, from the formation of the fund in 1805–6 to 1845 ; also the annual interest or revenue derived from the fund, and the amount annually apportioned from the State Treasury :

YEAR.	Capital.	Annual revenue or interest.	Sum annually paid from State Treasury.
1805	$58,757 24	Not stated.	
1806	183,162 96	Not stated.	
1807	307,164 56	Not stated.	No distribution to be made until the revenue amounts to $50,000.
1808	390,637 15	Not stated.	
1809	428,177 91	$24,115 46	
1010	483,326 29	26,480 77	
1811	558,464 69	36,427 64	
1812	636,758 07	45,216 95	
1813	822,064 94	47,612 16	
1814	861,457 89	57,248 39	
1815	934,015 13	57,539 88	
1816	982,242 26	64,053 01	$60,000 00
1817	971,361 31	69,555 29	60,000 00
1818	1,103,949 09	68,770 00	60,000 00
1819	1,229,076 00	70,556 04	60,000 00
1820	1,215,526 00	78,944 56	70,000 00
1821	1,152,630 57	77,144 56	80,000 00
1822	1,155,827 40	77,417 86	80,000 00
1823	1,172,913 28	72,515 09	80,000 00
1824	1,288,309 47	75,315 05	80,000 00
1825	1,319,886 46	81,815 41	80,000 00
1826	1,353,477 64	86,429 93	80,000 00
1827	1,611,096 80	81,381 90	100,000 00
1828	1,684,628 80	89,034 96	100,000 00
1829	1,661,081 24	94,626 25	100,000 00
1830	1,696,743 66	100,678 60	100,000 00
1831	1,704,159 40	80,043 86	100,000 00
1832	1,735,175 28	93,755 31	100,080 00
1833	1,754,046 84	109,117 77	100,080 00
1834	1,791,321 77	104,390 78	100,080 00
1835	1,875,191 71	134,006 40	100,000 00
1836	1,917,494 17	118,486 67	100,000 00
1837	1,919,647 68	94,349 93	110,000 00
1838	1,929,707 51	102,994 09	110,000 00
1839	1,932,421 99	117,472 27	110,000 00
1840	2,033,807 95	103,400 65	110,000 00
1841	2,036,625 68	96,073 85	110,000 00
1842	1,968,290 72	90,092 46	110,080 00
1843	1,975,093 15	107,370 62	110,080 00
1844	1,992,916 35	133,826 51	110,080 00
1845	2,090,632 41	113,458 87	110,080 00
	....	$3,081,719 80	$2,780,560 00

Table B.

SCHOOL FUND FROM 1846 TO 1885, INCLUSIVE.

The following table exhibits the School Fund, from the year 1846 to 1885 also the annual interest or revenue derived from the fund, and the amount annually paid from the State Treasury each year, from fund and tax:

YEAR ENDING SEPTEMBER 30.	Capital.	Annual revenue or interest.	SUM ANNUALLY PAID FROM THE STATE TREASURY.	
			From School Fund.	From School Tax.
1846	$2,133,943 01	$123,458 12	$106,073 81	....
1847	2,170,514 47	131,554 21	110,820 32	....
1848	2,211,475 14	117,220 25	119,902 00	....
1849	2,243,563 36	119,903 76	79,407 14	....
1850	2,290,673 23	135,792 10	161,030 06	....
1851	2,325,449 72	132,009 15	76,001 81	....
1852	2,354,530 09	140,295 42	179,242 09	$800,000 00
1853	2,383,257 23	146,303 76	95,010 60	800,000 00
1854	2,425,211 97	144,116 97	169,961 40	800,000 00
1855	2,457,520 86	143,127 73	145,513 26	800,000 00
1856	2,491,916 14	159,849 17	145,638 98	800,000 00
1857	2,526,392 24	169,160 59	185,178 45	1,072,362 83
1858	2,551,260 52	159,544 28	204,864 00	1,074,982 20
1859	2,586,251 16	164,249 77	160,206 71	1,053,680 74
1860	2,607,036 68	152,992 82	160,071 05	1,053,873 04
1861	2,625,476 94	153,010 51	182,508 57	1,064,473 14
1862	2,658,116 42	158,656 18	183,977 54	1,081,325 57
1863	2,694,552 33	157,649 42	167,906 42	1,086,977 96
1864	2,734,213 15	154,882 30	160,485 76	1,090,841 11
1865	2,765,760 77	186,462 20	161,560 79	1,125,749 90
1866	2,799,630 04	170,580 65	163,142 58	1,163,159 76
1867	2,827,465 34	183,821 84	178,806 80	1,148,422 22
1868	2,853,396 40	192,006 92	188,550 28	2,080,134 65
1869	2,880,017 01	164,143 79	214,900 78	2,207,611 42
1870	2,915,633 04	174,007 31	172,520 39	2,325,150 96
1871	2,978,576 52	175,252 96	174,422 91	2,458,751 48
1872	3,004,513 55	168,603 49	174,268 98	2,565,672 37
1873	3,029,513 55	175,191 34	120,967 12	2,610,784 31
1874	3,054,772 10	178,813 72	226,903 96	2,662,032 98
1875	3,080,107 68	179,304 66	175,820 20	2,711,634 84
1876	3,105,107 68	177,687 36	176,744 77	2,959,725 13
1877	3,130,762 78	199,151 60	177,110 90	3,082,834 09
1878	3,156,062 78	202,122 62	174,974 22	3,100,207 86
1879	3,226,285 54	188,874 95	202,485 30	2,927,326 72
1880	3,251,285 54	183,674 58	199,955 84	2,917,147 10
1881	3,276,601 54	178,465 80	178,584 71	2,862,088 12
1882	3,802,901 54	122,142 21	448,798 21	3,056,633 67
1883	3,827,901 54	147,068 54	513,712 02	3,062,050 82
1884	3,852,901 54	162,564 49	175,793 81	3,099,165 66
1885	*3,877,901 54	*160,000 00	*175,000 00	3,180,393 90
		$6,433,717 54	$7,168,824 54	$65,685,194 55

* Estimated.

NOTE — The payments from revenue for 1882 and 1883 include over $600,000 for premiums and commissions on bonds purchased.

Table C.

AGGREGATE TAXATION FOR STATE PURPOSES FOR EIGHT YEARS.

FOR FISCAL YEAR COMMENCING OCTOBER 1.	Rate in mills.	School tax.	Canal tax.	General purposes.	Total.
1877	3 1-6	$3,100,207 86	$918,580 11	$4,707,723 04	$8,726,511 01
1878	2 9-10	2,927,326 72	821,513 58	4,192,457 64	7,941,297 94
1879	2 863-1000	2,917,147 10	805,841 74	3,967,427 50	7,690,416 34
1880	3 1-2	2,862,088 12	896,875 54	5,473,578 67	9,232,542 33
1881	2 1-4	3,056,633 67	804,377 28	2,171,818 66	6,032,829 61
1882	2 45-100	3,062,050 82	1,169,146 68	2,588,824 79	6,820,022 29
1883	3 1-4	3,099,165 66	3,007,253 42	3,228,417 23	9,334,836 31
1884	2 575-1000	3,180,393 90	1,718,317 08	2,863,861 80	7,762,572 78
		$24,205,013 85	$10,141,905 43	$29,194,109 33	$63,541,028 61

Aggregate.................................. $63,541,028.61 | Average...................... .... $7,942,628.58.

Table D.

RECEIPTS FROM CORPORATION TAX.

For fiscal year ending September	30, 1880		$141,127 03
" "	30, 1881		992,725 16
" "	30, 1882		1,539,684 27
" "	30, 1883		*1,935,179 31
" "	30, 1884		1,603,612 75
" "	30, 1885 (estimated)		1,600,000 00
Total			$7,812,328 52

This tax will produce at least $1,600,000 per year, *i. e.*, $12,800,000 during the next eight years. It will increase but gradually, as by far the larger part of it is drawn from a few great corporations, whose number and individual magnitude are not likely to be much augmented hereafter.

* The receipts for 1883 include over $350,000 back taxes of 1880.

Table E.

APPROPRIATIONS FOR THE ERECTION OF THE NEW CAPITOL FOR EIGHT YEARS.

Year 1877,	chapter	336		$500,000 00
" 1878,	"	7	$300,000 00	
" 1878,	"	252	700,000 00	
				1,000,000 00
" 1879,	"	65	$500,000 00	
" 1879,	"	272	500,000 00	
				1,000,000 00
" 1880,	"	33	$100,000 00	
" 1880,	"	138	1,500,000 00	
				1,600,000 00
" 1881,	"	24	$250,000 00	
" 1881,	"	325	750,000 00	
				1,000,000 00
" 1882,	"	7	$250,000 00	
" 1882,	"	295	1,000,000 00	
				1,250,000 00
" 1883,	"	9	$250,000 00	
" 1883,	"	320	1,000,000 00	
				1,250,000 00
" 1884,	"	37		1,000,000 00
Total				$8,600,000 00

Table F.

APPROPRIATIONS FOR CANAL DEBT SINKING FUND.

Year ending September 30, 1878	$900,208 50
Year ending September 30, 1879	805,083 31
Year ending September 30, 1880	789,724 90
Year ending September 30, 1881	878,938 03
Year ending September 30, 1882	758,797 92
Year ending September 30, 1883	1,115,648 46
Year ending September 30, 1884	1,988,508 34
Year ending September 30, 1885	950,310 00
	$8,187,219 46

Table G.

There will be needed for the Canal Debt Sinking Fund for the next eight fiscal years, as follows:

	Interest.	Sinking Fund.	Total.
Year ending Sept. 30, 1886 ..	$500,310 00	$330,000 00	$830,310 00
Year ending Sept. 30, 1887 ..	476,866 50	330,000 00	806,866 50
Year ending Sept. 30, 1888 ..	406,536 00	330,000 00	736,536 00
Year ending Sept. 30, 1889 ..	406,536 00	330,000 00	736,536 00
Year ending Sept. 30, 1890 ..	406,536 00	330,000 00	736,536 00
Year ending Sept. 30, 1891 ..	341,997 00	330,000 00	671,997 00
Year ending Sept. 30, 1892 ..	148,380 00	330,000 00	478,380 00
Year ending Sept. 30, 1893 ..	28,380 00	330,000 00	358,380 00
	$2,715,541 50	$2,640,000 00	$5,355,541 50

The securities and cash in the fund will earn interest which cannot now be exactly computed. It is safe, therefore, to estimate that the total taxation caused by this fund in the next eight years will fall $3,000,000 below that of the eight years just closing.

CONCURRENT RESOLUTION

Proposing an Amendment to Section One of Article Nine of the Constitution, Relating to the Capital and Revenue of certain Trust Funds.

Resolved (if the Senate concur), That section one of article nine of the Constitution be amended so as to read as follows:

Section 1. The capital of the Literature Fund and the capital of the United States Deposit Fund shall be respectively preserved inviolate. The revenue of the said Literature Fund shall be applied to the support of academies. So soon after January first, in the year one thousand eight hundred and eighty-seven, as good judgment may dictate, the Comptroller shall convert the capital of the Common School Fund into cash, which shall be paid into the Treasury, and be applied in reduction of direct taxation.

Hollin
pl